

STATE OF MICHIGAN

MACOMB COUNTY CIRCUIT COURT

SEJASMI INDUSTRIES, INC., a Michigan
limited liability company,

Plaintiff,

vs.

Case No. 2014-4273-CK

A+ MOLD, INC., d/b/a TAKUMI
MANUFACTURING COMPANY,
NKL MANUFACTURING, INC.,
and QUALITY CAVITY, INC.,
Michigan corporations,

Defendants.

OPINION AND ORDER

Defendant Quality Cavity Inc. (“Defendant Quality”) has filed a motion for reconsideration of the Court’s April 1, 2015 Opinion and Order denying its motion for enforcement of lien and for immediate possession of molds.

In the interests of judicial economy the factual and procedural statements set forth in the Court’s April 1, 2015 Opinion and Order are herein incorporated.

Arguments and Analysis

In its motion, Defendant Quality contends that MCL 445.619(5)(b) only allows for a lien to be discharged if a customer receives a verified statement from the molder that the molder has paid the amount for which the lien is claimed to the moldbuilder. MCL 445.619(5) provides, in pertinent parts:

(5) The lien remains valid until the first of the following events takes place:

(a) The moldbuilder is paid the amount owed by the customer or molder.

(b) The customer receives a verified statement from the molder that the molder has paid the amount for which the lien is claimed.

While subsection (b) does not specifically state that the moldbuilder must be the person/entity that was paid, the Court is convinced that such an interpretation is the only one which advances the purpose of the MMLA. The MMLA was enacted in order to provide moldbuilders with additional protection in the event that they are not paid for the work they perform in connect with molds. (*See* Defendant Quality's Exhibit D.) In order to give operation to the statute in the manner intended by the legislature, the Court must interpret MCL 445.619(5)(b) to require a customer to receive a verified statement that the moldbuilder (i.e. the lienholder) has been paid the amount of the lien.

While this Court was initially concerned that such an interpretation would render MCL 445.619(5)(a) nugatory, upon additional review the Court is satisfied that each subsection applies to a distinct situation. Subsection (a) operates to extinguish a lien when a moldbuilder is actually paid the amount of lien. Subsection (b) operates to extinguish a lien in order to protect a customer in the event that it receives a verified statement that the lien has been satisfied, but where the moldbuilder has not been in fact paid. Although the Court recognizes that this interpretation operates in this case to likely require Plaintiff to pay for at least some of the Molds twice if it wishes to keep them, the Court is satisfied that this interpretation is the only one which is consistent with the spirit and purpose of the Act. Consequently, the Court is convinced that Defendant Quality's motion for reconsideration must be granted.

With respect to whether Defendant Quality is entitled to enforce its liens and obtain possession of the Molds, MCL 445.620 required Defendant Quality to given written notice to Plaintiff and Takumi stating that a lien is claimed, the amount that is owed, and a demand for payment. On October 21, 2014, Defendant Quality sent Plaintiff and Takumi a notice in

compliance with section 620 (“Notice”). In the Notice, Defendant Quality claimed that \$80,000.00 is owed in connection with job 13108, \$10,500.00 each was owed for jobs 13108 and 13109, and that \$11,000.00 was owed in connection with job 13111. Moreover, it is undisputed that neither Defendant Takumi nor Plaintiff have made the payments as demanded.

As a result of Defendant Takumi/Plaintiff’s failure to make the demanded payments, MCL 445.620a grants Defendant Quality the right to possession of the Molds, and allows them to enforce its right by any available judicial procedure. Accordingly, Defendant Quality’s motion for immediate possession of the Molds must be granted.

Finally, the Court notes that Defendant Quality has subsequently represented that higher amounts are owed for jobs 13109, 13110 and 13111 than were originally set forth in its October 2014 letter. However, MCL 445.620a limits Defendant Quality’s right to possession to situations in which payment of the amount demanded in the notice is not made. Consequently, the Court is convinced that Plaintiff would only be required to pay the amount claimed in the Notice in order to prevent Defendant Quality from exercising its right to possession. Although the amount of Defendant Quality’s liens may be higher than the amounts listed in the Notice, any right to possession based on those enhanced amounts would be contingent on Defendant Quality satisfying the requirements of the act, including sending an additional notice demanding the higher amount.

Conclusion

For the reasons set forth above, Defendant Quality’s motion for reconsideration of the Court’s April 1, 2015 Opinion and Order denying its motion for enforcement of lien and for immediate possession of molds is GRANTED. Defendant Quality Cavity, Inc. (“QCI”) has valid and enforceable liens on the molds corresponding to the following jobs:

- 1) Job 13108/Quote 13288A/Purchase Order No. 50010528QC: Complete Build an 8-cavity production mold per supplied date/design to produce vane;
- 2) Job 13109/Quote 13303/Purchase Order No. 50020604QC: Build 1-cavity production mold per supplied data and print to produce tube;
- 3) Job 13110/Quote 13303/Purchase Order No. 5004064QC: Build 1-cavity production mold per supplied data and print to produce Bracket RH; and
- 4) Job 13111/Quote 13303/Purchase Order No. 50030604QC: Build 1-cavity production mold per supplied data and print to produce Bracket LH.

QCI's liens have priority over Plaintiff's interest in the Molds. Unless QCI is paid the following amounts within seven (7) days of the date of this Opinion and Order, Plaintiff shall deliver possession of the above-referenced molds to QCI within 10 days of the date of this Opinion and Order: Job 13108- \$80,000.00, Jobs 13109 and 13110- \$10,500.00 each, and Job 13111-\$11,000.00.

In addition, based on the validity of QCI's liens, Plaintiff's claims against QCI fail and are hereby DISMISSED, WITH PREJUDICE. Pursuant to MCR 2.602(A)(3), this Opinion and Order neither resolves the last pending claim nor closes the case.

IT IS SO ORDERED.

/s/ John C. Foster
JOHN C. FOSTER, Circuit Judge

Dated: April 30, 2015

JCF/sr

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